GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1464
ANSWERED ON:04.03.2016
Burgeoning Fiscal Deficit
Sigriwal Shri Janardan Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the huge volume of subsidies being given for various commodities is the principal reason for burgeoning fiscal deficit;

(b) if so, the commodity-wise details of subsidies being given during the last three years;

(c) whether the Government has any plan to shift to a system of cash transfer to the account of beneficiaries in place of existing system of payment of subsidies; and

(d) if so, the time by which such shift is likely to be completed?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) The subsidy bill of the Central Government has remained in the range of Rs. 2.50 lakh crore to Rs. 2.58 lakh crore during the period, 2014-15 to 2016-17 (Budget Estimates). The fiscal deficit of the Central Government, which is the difference between total expenditure and non-debt receipts, has been in the range of Rs. 5.11 lakh crore to Rs. 5.35 lakh crore in this period. As proportion of GDP, both subsidy bill and fiscal deficit declined during this period.

(b) Details of subsidies given under different heads are in table below:
Details of Subsidies (Rs. crore)

Subsidy	2012-13	2013-14	2014-15	2015-16 RE
Food	85000	92000	117671	139419
Fertiliser	65613	67339	71076	72438
Petroleum	96880	85378	60269	30000
Other	9586	9915	9242	15944
Total	257079	254632	258258	257801

RE=Revised Estimates

(c) and (d): Direct Benefit Transfer (DBT) was started in 01.01.2013 and expanded across all Central Sector/Centrally Sponsored Schemes involving cash transfers to individual beneficiaries in February 2015. In cash transfer, the benefit is transferred in the beneficiary's account, preferably Aadhaar seeded. Presently, LPG subsidy is transferred directly in to the bank accounts of beneficiaries. Food subsidy in cash is disbursed in two Union Territories viz. Puducherry and Chandigarh, directly in beneficiaries' bank accounts, and in kind, after biometric authentication, in 70000 fair price shops at present. The Union Budget 2016-17 has indicated the introduction of DBT on pilot basis for fertilizer in a few districts across the country. Hence, it is difficult to indicate a timeframe for completing the shift to the system of cash transfer.